



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT

COMPANY: Asics Corporation
COUNTRY: Vietnam
FACTORY CODE: 400084435HV
MONITOR: OneStep Viet Co., Limited
AUDIT DATE: November 3, 2011
PRODUCTS: Apparel
PROCESSES: Cutting, Sewing, Finishing
NUMBER OF WORKERS: 399

*To read the original IEM report of this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).

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Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: [IEV \(November 3, 2011\) New finding:](#)

[Inadequate piece rate compensation](#)

[Based on document review and management interview, it was noted that the salary piece rate calculation system did not meet regulation of Vietnam Labor Law: 150% for normal overtime day, 200% for rest day, 195% for night shift and 300% for holiday working. Currently, factory calculates the salary by dividing turnover of each line into 3 parts and all OT compensation are included](#)

- [• 50% for piece rate](#)
- [• 30% for overtime rate](#)
- [• 20% for evaluation rate \(skill\).](#)

[Sources: Time Record & Payroll Review, Management discussion](#)

Plan Of Action: [The factory is recommended that pay overtime premium according to the law. The calculation shall ensure that the hourly overtime rates are calculated as 150% on regular workdays, 200% for rest days, 195% for night shifts and 300% for holidays.](#)

Deadline Date:

Supplier CAP:

Supplier CAP Date:

Action Taken: ASICS visited the factory on July 10, 2012 and found. The factory calculated both hourly wage and piece rate wage for every worker. Then the factory has paid higher wage for every worker.

April 2013: Based on the photo of the document on wage calculation provided by the factory management, the overtime calculation is now in compliance with the local law. However, Asics required sample wage calculation sheets for verification. Asics will follow up with remediation.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

Action Verified Date:

Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: The factory lacks a clear written policy and wage training for workers to understand their wages including piece rate calculation and skills grade system. System was explained orally but no written document exists in local language to explain to workers.

Sources: Interview with management and with workers, record review (payroll, time records, production records, CBA and work rule)

Legal reference: The labor Code, Article 63 [Systems of allowances, bonuses, advancement in wage grades and other systems of labour incentives may be agreed upon in labour contracts, collective agreements or established in the work rules]

Plan Of Action: Workers may not know the wage calculation for their wage and overtime premium. In addition, workers may not know their wages and overtime premium are derived from wage calculation.

1. Factory is recommended to stipulate the wage policy and procedure.
2. Factory is recommended to ask for the advice from local labor bureau.
3. Factory is recommended to ensure all workers to be familiar with wage policy.
4. Workers shall be informed to wage calculation orally, written documents and training session.
5. Factory is recommended to organize the schedule for training plan and submit to Asics.
6. Factory is recommended to submit the evidences of training such as training photos, training materials, attendance records and so on.

**Deadline
Date:** 04/30/2010

**Supplier
CAP:** Every year the factory reported wage table to local labor bureau. The supervisors have been conducting wage calculation awareness orally based on written wage policy. Factory would re-educate for new workers in case of their understanding of wage calculation is insufficient after conducting an orientation.

May 27, 2010: Factory has reported that they will reschedule the workers' training date and plan to organize on June 5, 2010 instead of the end of April.

**Supplier
CAP Date:** 04/30/2010

**Action
Taken:** July 28, 2010: According to factory report, the workers' trainings of wage policy were conducted on May 6, 2010.

**Plan
Complete:** No

**Plan
Complete
Date:**

**Action
Verified:** No

**Action
Verified** IEV (November 3, 2011) Pending:

Text: From documents review & workers interviewed, it was noted that factory still has not developed a clear policy wage training for workers to understand their wages including piece rate calculation. Sources of evidence: Interview with management and with workers, record review (payroll, time records, production records, CBA and work rule)

**Action
Verified
Date:**

Follow-Up Plan of Action: The factory is recommended that institutionalizes the training about wage calculate system and keeps a record of the training.

Follow Up (May 5, 2012):

The factory implemented wage training to every supervisor. Training records and photos were provided to Asics for verification. Asics will follow up with the factory management to ensure that trainings are conducted regularly, and will verify that the content of trainings were understood by the workers through worker interviews to be held during the follow up visits. Asics will also require the factory management to post the wage calculation method on the notice boards, assign a person who is in charge of answering workers' questions on wage calculation and announcing the workers that they may approach this person in case they have any questions about their monthly wage calculation.

Wages, Benefits and Overtime Compensation: Other - Wages, Benefits and Overtime Compensation

Other

Noncompliance

Explanation: Factory does not sign contract annex when increasing salary as required by law. (Factory has a list of workers increasing salary).

Sources: Records review (labor contract and payroll), interview with management and with workers.

Legal reference: the Labor Code, Article 33 [In the course of implementation of a labor contract, any party who wishes to modify the contents thereof shall give notice of its intention to the other party at least 3 days in advance. The modification of the labor contract may be effected by way of amendments to the existing labor contract or by the conclusion of a new labor contract].

Plan Of Action:

1. Factory is recommended to make a contract annex when increasing wages.
2. Factory is recommended to ask for specialist advice from local labor bureau.

Deadline Date: 04/30/2010

Supplier CAP: The factory would review the correspondent document and make modification of labor contract.

Supplier CAP Date: 04/30/2010

Action Taken: Factory has reviewed and modified the contract procedure, especially signature procedure.

Plan Complete: Yes

Plan 04/29/2010
Complete
Date:

Action No
Verified:

Action [IEV \(November 3, 2011\) Completed:](#)

Verified

Text: From documents review, it was noted that factory has signed annex contract for workers as required by law. Source of evidence: Labor Contract, Worker Interview

Action
Verified
Date:

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: [FLA comment: Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor \(VGCL\), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that “the rights of workers to establish organizations of their own choosing implies . . . the effective possibility of forming . . . \[trade unions\] independent both of those which exist already and of any political party.” Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association.](#)

Plan Of Action:	<p>1. Factory is recommended to provide a policy of Freedom of Association.</p> <p>2. Factory is recommended to provide awareness of Freedom of Association with written documents to workers.</p> <p>3. Factory is recommended to establish grievance review committee in the trade union and ensure that all workers are aware of the grievance channel and are free from any reprisal.</p>
Deadline Date:	05/30/2010
Supplier CAP:	<p>Factory is in the process of providing worker awareness regarding Freedom of Association.</p> <p><u>May 27, 2010</u>: The factory has reported that they are still in the process of conducting workers' awareness training for Freedom of Association.</p>
Supplier CAP Date:	05/28/2010
Action Taken:	<p><u>Follow Up April 2013</u>: The factory management has provided an updated Union Organizational Chart to Asics. Based on the Organizational Chart, there are currently 8 trade union representative workers at the factory (6 from the sewing department, 1 from quality control and 1 from cutting departments). During the next follow up visit, Asics will verify if the workers themselves elected the worker representatives, they meet with the factory management regularly, and meetings are recorded accurately.</p>
Plan Complete:	No
Plan Complete Date:	

Action No
Verified:

Action [IEV \(November 3, 2011\) Pending:](#)
Verified

Text: Vietnam-Specific FLA Comment: All of the workers are members of the trade union, VGCL. The current collective bargaining agreement is effective since November 23, 2010 and is valid for 3 years. The Collective Bargaining Agreement (CBA) involves topics on working hours, wages and benefits, apprentice and probation, labor health and safety, reward and discipline, labor dispute settlement, labor target. The monitors did not observe any unreasonable issues within the CBA.

Action
Verified
Date:

Harassment or Abuse: Discipline/Monetary Fines and Penalties

H&A.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

Noncompliance

Explanation: [Disciplinary practices do not conform to the registered labor regulations and local laws, e.g., workers were deducted 2 to 3 months attendance bonus for listening to music once during working time. Sources: Interview with management and with workers, record review.](#)

[Legal reference: The Labor Code, Article 60.2](#)

[\[The employer shall not impose penalties by way of deduction from employee's wages\].](#)

Plan Of Action:

1. Factory is recommended to not use penalty and monetary fine to maintain the labor discipline on site. (Ex. low productivity, overlooked defective products, violation of internal regulations, etc.)
2. Factory is recommended to introduce progressive discipline system instead of monetary fine.
3. Factory is recommended to organize training on progressive discipline.
4. Factory is recommended to consult with local labor bureau for new progressive discipline policy.
5. Factory is recommended to establish a discipline committee on site.

Deadline Date: 05/30/2010

Supplier CAP: Factory will ask for local labor bureau opinion before taking action. Factory will apply progressive discipline system based on written warnings.

Supplier CAP Date: 05/28/2010

Action Taken: Factory has applied progressive discipline system based on written warnings. July 28, 2010:

1. Factory has established a clear and progressive disciplinary policy that includes verbal warning, written warning, dismissal and termination. The first step of the process is a verbal warning (1st Offense and 2nd Offense). A final warning (3rd Offense) will be used when necessary and it may result in deduction of cash allowance. Factory has approached local labor bureau before implementing a new disciplinary rule.
2. According to the factory report, they put a disciplinary rule in force starting April 29, 2010. Worker awareness training for new disciplinary rule was conducted on June 5, 2010.

Plan Complete: No

Plan Complete Date:

**Action
Verified:** No

**Action
Verified** [IEV \(November 3, 2011\) Pending:](#)

Text: From document review and management discussion, noted that one case happened in March 2011 as this worker was deducted his attendance bonus caused he used headset listening to the music during the working time. Factory explained that they already mentioned clearly different cases of disciplines into the regulation and get approval from Labor Department. However, no evidence was provided for review during the audit

Sources: Worker Interview, Management Discussion

**Action
Verified
Date:**

**Follow-up
Plan of
Action:** The factory is recommended that stipulates gradual discipline system and inform the workers of it. Any monetary fines are not acceptable even if approved by the Labor Department. The factory management shall make sure that all kinds of monetary fines are removed from the disciplinary procedures.

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: Asics code is posted in production in local language and communicated, but training on code elements and laws for workers is not conducted regularly and awareness is low.
Sources: walkthrough, interview with management and with workers.

Plan Of Action: 1. Factory is recommended to explain orally and ensure all workers are familiar with Asics CoC. Case 1: HR department hold a training session to all workers and directly explain Asics CoC. Case

2: a) Management explain Asics CoC to HR staff, b) HR staff communicate Asics CoC to supervisors, c) Supervisors hold awareness session for their line workers.

3. Factory is recommended to schedule the training plan and submit to Asics.

4. Factory is recommended to submit Asics training materials, attendee records, training photos, etc., as evidence.

Deadline Date: 04/30/2010

Supplier CAP: Factory has given out printed Asics CoC card to all the workers to make them aware of CoC contents. HR staff will organize the schedule for training plans. May 27, 2010: Factory has rescheduled the workers' training date and plans to organize it in the end of October 2010. July 28, 2010: According to factory report, they are scheduled to conduct worker training on December 2010.

Supplier CAP Date: 04/30/2010

Action Taken: [Partially implemented:](#) Factory has reported that Asics CoC card has been given to all the workers on December 12, 2009 and they have been informed about Asics CoC. (2011.02.22) According factory report on February 22, 2011, factory has organized CoC awareness training on December 20, 2010.

Plan Complete: Yes

Plan Complete Date: 12/20/2010

Action Verified: No

Action Verified: [IEV \(November 3, 2011\) Completed:](#)

Text: From documents review & workers interview, noted that regular training on Code Awareness & Law provided to workers on Feb 19, 2011. Source of evidence: Factory tour observation, worker interview

Action Verified Date:

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: No channel provided for workers to contact participating company directly. Sources: walkthrough, interview with management and with workers.

Plan Of Action: Factory is recommended to post Asics grievance local contact on Asics CoC poster.

May 27, 2010: Company has used direct contact for workers to the company in the factory previously, however during the factory performance it was observed that this system was not all effective. The company is considering and searching for an alternate way that is more secure and effective in addition to a direct reporting mechanism. Company will postpone and reschedule completion date by March 31, 2011.

Deadline Date: 04/30/2010

Supplier CAP: After receiving the sticker labels from Asics that indicate the contact address and number for workers to use as a confidential reporting mechanism to report grievances and non-compliance, factory will attach them on Asics CoC posters.

July 28, 2010: Asics is investigating the contact for direct channel to Asics.

Supplier CAP Date: 04/30/2010

Action Taken:

Plan Complete: No

Plan
Complete
Date:

Action [No](#)
Verified:

Action [IEV \(November 3, 2011\) Pending:](#) During the management discussion, it was noted that
Verified no secure communication channel has been established for employee so that they can
Text: report the Asics on the non-compliance of criteria quoted in the Code of Conduct.
Sources: Worker Interview, Management Discussion, Factory tour observation

Action
Verified
Date:

Follow-up [ASICS will consider adding an additional hot line.](#)
Plan of
Action:

Health and Safety: Notification and Record Maintenance

H&S.7 Employers shall notify the relevant authorities of all illnesses and accidents as required by applicable laws. All illness, safety and accident reports shall be maintained on site for at least one year, or longer if required by law. (P)

Noncompliance

Explanation: [Accident investigation and reporting procedure does not confirm to local regulations.](#)

Sources: record review, management interview, worker interview Legal reference: Joint circular 14/2005/BLDTBXH-BYT-TLDDVN

Plan Of Action:	<p>1.Factory is recommended to stipulate internal health and safety rules in case of occupational diseases or accidents. Factory is recommended to submit the report to local labor bureau within 2 days of the accident happening in accordance with local law.</p> <p>2. Factory is recommended to keep the record for more than 1 year, as the applicable law requires.</p> <p>3. Factory is recommended to describe Occupational Accident report. The following information is required in the report: a) name of the person, b) ID number of the person, c) kinds of disease or accident, d) date of the accident, e) contents of first aid measure, f) others.</p>
Deadline Date:	04/30/2010
Supplier CAP:	<p>Factory will review the rules and regulations for the accident investigation and reporting procedure and modify them.</p> <p><u>May 27, 2010:</u> Factory has reported that they are still in the process of asking local labor bureau about the rules and regulations for accident investigation and reporting procedures.</p>
Supplier CAP Date:	04/30/2010
Action Taken:	<p><u>Partially implemented:</u> Factory has reported that they submit occupational disease or accident reports to the local labor bureau twice a year periodically, and they have made up an accident report system and it is in practice at present on April 29, 2010.</p> <p><u>July 28, 2010:</u> It is further noted that every 6 months obtaining the local labor bureau's advice on and approval of all the factory's occupational injury records is both a factory responsibility and requirement.</p> <p>According to the factory report, they have applied the injury record to local labor bureau on July 1, 2010. (2011.02.22) According to factory report on February 22, 2011, factory has submitted occupational injury records to the local labor bureau every 6 months. The latest application has been submitted on January 3rd, 2011.</p>

**Plan
Complete:** Yes

**Plan
Complete
Date:** 01/03/2011

**Action
Verified:** No

**Action
Verified
Text:** IEV (November 3, 2011) Completed: From the documents review, it was noted that accident investigation and reporting submitted to local Department every six months as per law requirement Sources: document review, management discussion

**Action
Verified
Date:**

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1) Housekeeping needs improvement: products and materials were blocking fire equipment, aisles and exits in the warehouse and production areas. Electrical panels are not kept clear.

2) Some marked exits were locked at the time of audit. 3) There was no smoking policy in production, but there were signs of smoking around the factory with cigarette butts in drain gutters around the canteen and near the storage for liquefied petroleum gas cylinders (LPGs).

Source: Walkthrough

Legal reference: Law on fire fighting and prevention Decree 35/2003/ND-CP Circular 04/2004/TT-BCA

Plan Of Action:

1. Factory is recommended to arrange the storage space layout for products and materials. Routes to the emergency exit doors are to be kept satisfactory, without blockage of space.
2. Factory is recommended to unlock the exit doors during the working hours.
3. Factory is recommended to stipulate the smoking policy and identify the smoking area.

Deadline Date: 12/30/2009

Supplier CAP: Factory has reviewed and changed the positions of layouts to keep the emergency route and space safely, and keep door unlocked during working time in case of an emergency. Factory has created a smoking regulation and indicated a designated area where workers may smoke on site.

Supplier CAP Date: 12/30/2009

Action Taken: Factory has reported that they are keeping the operation as indicated in the company CAP above.

Plan Complete: Yes

Plan Complete Date: 12/18/2009

Action Verified: No

Action Verified: IEV (November 3, 2011) Point 1: Pending:

Text: From the factory observation, it was found that - At Sewing & packing Sections, all evacuation passages for workers were obstructed by trolley & semi – products.

- At Warehouse, evacuation map were blocked by carton & semi-product at sewing & warehouse sections.
- At QC section, electrical panels were blocked by tables

Point 2: Completed At Sewing & packing Sections, found that emergency exits were free of obstruction during the observation. Point. 3: Completed From the factory observation and workers interviewed, it was noted that factory had set up “no smoking” area in production and regulate smoking areas for workers Source of evidence: Factory tour observation New finding: From the factory observation, it was noted that 4 fire extinguisher did not inspect every month. The last checking was on September 17, 2011.

**Action
Verified
Date:**

**Follow-up
Plan of
Action:** The factory is recommended that establishes the management system of extinguishers, and check every extinguisher periodically. The factory is recommended that educates the workers to raise the recognition about reason of paying attention for safety. And the factory checks & improves the actual status in the site.

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: Hose reels are not cleaned and maintained properly. The hose reel beside the security desk is used for personal storage by the guard.

Sources: walkthrough

Legal reference: Law on Fire fighting and prevention; Decree 35/2003/ND-CP Circular 04/2004/TT-BCA

**Plan Of
Action:** Factory is recommended to inspect all fire extinguishers and fire hydrants on a regular basis. Equipment check for operation, outlook and function every 6 months. General checkout once a year. Factory is recommended to keep the checkout record.

**Deadline
Date:** 11/30/2009

Supplier CAP: Factory is conducting checks of the equipment every 2 weeks. General checkout for fire prevention equipment will be conducted during the fire drill

Supplier CAP Date: 11/30/2009

Action Taken: Factory has conducted checks of the equipment and decided to perform it every 2 weeks. General checkout for fire prevention equipment has been conducted during the fire drill.

Plan Complete: Yes

Plan Complete Date: 11/25/2009

Action Verified: No

Action Verified Text: IEV (November 3, 2011) Completed: From the factory observation, it was noted that hose reels are cleaned & regularly checking and only using for fire safety.
Source of evidence: Factory tour observation.

Action Verified Date:

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: Cutting gloves do not fit properly and make working difficult, so workers do not like to use them unless auditors are present.

Sources: walkthrough, worker interview Legal references: VN Labor Code Article 101

Plan Of Action: Factory is recommended to provide user-friendly cutting gloves.

Deadline Date: 04/30/2010

Supplier CAP: Factory will supply user-friendly cutting gloves to the related workers.

Supplier CAP Date: 04/30/2010

Action Taken: Factory has provided user-friendly cutting gloves to the related workers.

Plan Complete: Yes

Plan Complete Date: 04/29/2010

**Action
Verified:** No

**Action
Verified
Text:** [IEV \(November 3, 2011\) Completed:](#) From the factory observation & workers interviews, it was noted that factory has provided properly metal gloves for cutting workers. And workers used them while operating cutting machines.

Source of evidence: Factory tour observation

**Action
Verified
Date:**

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: Factory lacks a proper system for the safe handling and use of chemicals- including PPE, chemical labels and warnings. Factory also lacks detailed safety training for workers who use chemicals. Workers have little awareness or training on safe use of chemicals.

Sources: worker interview, document review, management interview.

Legal reference: VN Law on Chemical, circular 37/2005/TT-BLDTBXH

Plan Of Action: Factory is recommended to post warning displays and safety handling instructions for hazardous chemical substances at workshops. Factory is recommended to label containers with the chemical substance name. Factory is recommended to ensure easy access to safety instruction manual for the workers' awareness.

Deadline Date: 04/30/2010

Supplier CAP: Factory will post safety-handling instructions and will make sure that all related workers have easy access to the manual.

Responsible Person:

Supplier CAP Date: 04/30/2010

Action Taken: Factory has posted safety-handling instructions in the workshop where it is prominently placed for all of the workers to see.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 04/29/2010

**Action
Verified:** No

**Action
Verified
Text:** IEV (November 3, 2011) Ongoing From document review, workers interviewed, it was noted that factory provided PPE, warning signs for workers. However, factory did not conduct chemical training for workers who were working with chemicals. Source of evidence: Document review, factory tour observation, worker interview

New finding: Hazardous waste is not properly discharged: It is noted that unused neon lights were placed outside together with regular wastes.

Source of evidence: Factory tour observation & Management Discussion

Legal reference: Decree 59/2007/ND-CP dated on April 09th, 2007

**Action
Verified
Date:**

**Follow-up
Plan of
Action:** The factory is recommended that educates the workers to raise the recognition about reason of necessity of PPE. The factory is recommended to dispose the toxic waste properly. 2012/Feb The factory implemented chemical training to the workers. 2012/Mar The factory has made hazardous waste storage.

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: Spot cleaning in QC area uses benzene without MSDS, PPE or safety training. Bottles are labeled as acetone and spot cleaning has MSDS for acetone (used previously) but not benzene. Management and workers do not distinguish between 2 chemicals.

Sources: Walkthrough, management interview, worker interview

Plan Of Action: 1. Factory is recommended to post Material Safety Data Sheet (MSDS) at workshops and chemical warehouse.

2. Factory is recommended to post MSDS at all of the locations where chemical substances are stored.

3. Factory is recommended to display a reminder picture to protect workers from chemical exposure. MSDS shall include the following information: a) name of the chemical substance, b) ingredient and content, c) physical description and chemical description, d) effect on human body, e) storage and handling instructions, f) first aid measure in case of chemical outflow or other accident.

Deadline Date: 04/30/2010

Supplier CAP: Factory will provide appropriate MSDS and post them in the workshop and make sure that workers are aware.

May 27, 2010: Factory has reported that they are still in the process of providing MSDS in a prominent area of workshop and workers' chemical training.

Supplier CAP Date: 04/30/2010

Action Taken: [July 28, 2010:](#) According to factory report, they have posted MSDS in a prominent area of workshop, near the chemical operation area. Photo evidence of the same was taken and can be produced for review.

Plan Complete: Yes

Plan Complete Date: 02/29/2012

Action Verified: No

Action Verified Text: [IEV \(November 3, 2011\) Pending:](#) From the factory observation, it was noted that there was no MSDS available (Vietnamese version) for any of the chemicals at the Chemical Storage area and at points of use. Besides, chemical tanks placed at the chemical storage areas did not have any labels on.

Sources: Factory tour observation, worker interview, management interview

Action Verified Date:

Follow-up Plan of Action: The factory is recommended that obtains and posts MSDS written in Vietnamese. The factory is recommended that puts the labels on the bottles to express contents clearly. 2012/Feb The factory has posted the MSDS in Vietnam language.

[Follow Up April 2013:](#) Based on the photos provided by the factory, it was verified that the Vietnamese version of the MSDS documents are posted at the chemical storage area.

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: Most sewing machines lack needle guards to guard against needle thrusts.

Source: walkthrough

Legal reference: Article 93 of the VN Labor Code

Plan Of Action: Factory is recommended to equip the needle guards all of sewing machines.

Deadline Date: 04/30/2010

Supplier CAP: Workers are informed to equip the needle guards when operating, however some workers continue to operate the machinery unequipped because they don't want to.

May 27, 2010: Factory has reported that they understand the importance of applying needle guards to sewing machines to protect occupational injuries from workers. The strong pressure of speeding up the productivity from clients is prominent at present. Workers are not willing to use this apparatus during work, as it is less productive. Workers often complain to supervisors to remove it from their sewing machine.

Supplier CAP Date: 04/30/2010

Action Taken: July 28, 2010: According to the factory report, they are facing some challenges in conducting a workshop on health and safety conditions. If the needle guard is put on the sewing machine, the workers feel that productivity may decline which will lead for more overtime work. Factory is considering a way to solve the matter. (2011.02.11) According to factory report on February 11, 2011, factory has gradually increased installing the needle guards from September 2010.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: IEV (November 3, 2011) Pending: From the factory observation, it was found that several sewing machines still lacked finger guards to protect the operators from accidents.
Source of evidence: Worker interview, management discussion, factory tour observation
New finding: From the factory observation, it was found that several sewing workers did not use the Plexiglas guards properly & slippers while operating sewing machine.

Sources: factory tour observation, worker interview & management discussion

Action Verified Date:

Follow-up Plan of Action: The factory is recommended that educates the workers to raise the recognition about reason of paying attention for safety so that workers may not remove the needle guard.
The factory is recommended that provides the PPE and educates the workers to raise the recognition about reason of necessity of PPE. . Asics will verify effective use of PPE during the next follow up visit.

February 2013: The factory has equipped needle guards on every sewing machine.

March 2013: The workers have proper used eye-sealers

Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation: Warehouse is overloaded and disorderly. Materials are stored high on upper shelves with no safe way to access them. (No stairs, ladder, forklift, etc.) Carton boxes in packing area stacked up to the ceiling without clearance to the ceiling (50cm) per law.

Sources: walkthrough, worker interview, management interview

Legal reference: TCVN2622-1995

Plan Of Action:

1. Factory is recommended to put its' workshop in order.
2. Factory is recommended to organize the workshop layout and provide ladders for safety work.
3. Factory is recommended to decide on the packaging of cartons and workplace spaces for safety work. Factory is recommended to set up a standard for piling up the cartons, e.g., restricted to 5 meter height or carton 7 boxes.

**Deadline
Date:** 06/30/2010

**Supplier
CAP:** Factory replied that the audit date was during one of the busiest production periods so that the warehouse was overloaded.

May 27, 2010: Factory has reported that they are still in the process of arranging the workshop safely.

**Supplier
CAP Date:** 06/30/2010

Action Taken:	July 28, 2010: According to factory report, when there is less room for raw materials, product sin process and shipments waiting, the workshop is kept clean and organized in minimum level. (2011/2/22) According to a factory report on February 22, 2011, factory is keeping organized warehouse and workplace during the working hours. The responsible person is designated to monitor and keep organize the workplace and warehouse.
Plan Complete:	Yes
Plan Complete Date:	11/25/2010
Action Verified:	No
Action Verified Text:	IEV (November 3, 2011) 1. Pending: From the factory observation, it was found that materials are still stored high on upper shelves without any stairs/ ladder/ forklift to support when warehouse workers access them. 2. Completed: From the factory observation, it was found that carton boxes in packing were stored at a proper height. Source of evidence: Factory tour observation, worker interview & Management discussion
Action Verified Date:	
Follow-up Plan of Action:	The factory is recommended that makes rules to keep safety and installs the stair or ladder. (But upper shelves are used only for disused materials now.) 2012/Feb The factory has installed a ladder in the material warehouse.

Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: First aid boxes are not restocked and contain expired medicines. Source: Walkthrough, management interview, worker interview Legal reference: Article 100 of the Labor Code

New finding: At Sewing section, it was found that first aid procedure was not posted at first aid kits in the factory.

Sources: Management discussion & Factory tour observation

Plan Of Action: 1. Factory is recommended to conduct regulatory check of medicines and restock for the shortage.

2. Factory is recommended to post first aid procedure at the workshop.

Deadline Date: 12/30/2009

Supplier CAP: The factory regularly checks the sufficiency of medicines and appropriately restocks the shortage.

Supplier CAP Date: 12/30/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date: 12/18/2009

Action Verified: No

Action Verified Text: [IEV \(November 3, 2011\) Completed:](#) From the factory observation, it was noted first aid kits were regularly checked. Source of evidence: Factory tour observation, management discussion & workers interview

Action Verified Date:

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: [Toilets are not clean and have a strong odor. No soap was available for hand washing \(soap provided in a month is not replaced\).](#)

[Source: walkthrough, worker interview Legal reference: Decision 3733/2002/QD-BLDTBXH](#)

Plan Of Action:

1. [Factory is recommended to ensure cleaning and sanitation of toilet facilities on site.](#)
2. [Factory is recommended to schedule the regulatory checkout plan for the sanitation of facilities.](#)

**Deadline
Date:** 12/20/2009

**Supplier
CAP:** Factory has assigned personnel to clean the toilets on a daily basis to avoid these facilities becoming unclean and unhygienic.

**Supplier
CAP Date:** 12/20/2009

**Action
Taken:** Factory has reported that they are conducting daily cleaning of toilets to maintain hygiene.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 12/18/2009

**Action
Verified:** No

**Action
Verified
Text:** IEV (November 3, 2011) Completed: From the factory observation, it was noted that toilets were cleaned every day. Soap was provided for worker Source of evidence: Factory tour observation, workers interview

**Action
Verified
Date:**

Health and Safety: Food Preparation

H&S.25 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws. All workers handling food shall be provided with the tools and equipment necessary to do so in a safe and sanitary manner. (S)

Noncompliance

Explanation: Canteen staff do not use gloves and masks Source: walkthrough Legal reference: Decision 41/2005/QD-BYT and Decision 4128/2001/QD-BYT

Plan Of Action:

1. Factory is recommended to provide appropriate equipment to canteen workers for sanitation.
2. Factory is recommended to establish manual about use of equipment such as gloves and masks. There should be periodic checks regarding equipment standards and implementation. They should also have in the manual: a) periodic check plan and check procedure for necessary equipment, b) network system of responsible contacts established, c) assignments for the person responsible.
3. Factory is recommended to assign a responsible person capable of checking equipment to do a periodic record check. The records of these periodic checks should be kept for 1 year.

Deadline Date: 04/30/2010

Supplier CAP: Factory has provided gloves and masks to canteen workers.

Supplier CAP Date: 04/30/2010

Action Taken: Factory has established the hygiene system and assigned responsible personnel. Periodical check has been regularly conducted on the site.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 04/29/2010

**Action
Verified:** No

**Action
Verified
Text:** IEV (November 3, 2011) Completed: From the factory observation, it was noted that canteen staff uses gloves and masks while serving/ delivering food. Source of evidence: Worker interview & factory tour observation

**Action
Verified
Date:**

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: Excessive OT worked frequently in excess of both code and legal limit (4 hrs. /day, 16 hrs. /week, 300 hrs. /year).

From 25 cases of time records reviewed in June and October 2009 of Sewing department (Line 3 & 5), Cutting, Ironing and Finishing Dept., it is noted that: Maximum total hours including normal hours and overtime hours in 1 week is 70 hrs. In June 2009 and 74 hrs. in October 2009. Average total hours in 1 week are 62.5 hrs. in June and 62.7 hrs. in October 2009.

Sources: Interview with management and with workers, review of time records, payroll and other relevant records during the period from June to October 2009.

Legal reference: The Labor Code, Article 69 [the number of additional hours worked shall not exceed 4 hours a day, 16 hours per week and 300 hours a year]

Plan Of Action:

1. Factory is recommended to schedule an overtime work reduction plan.
2. Factory is recommended to review wage policy and working hour policy including overtime hours.
3. Factory is recommended for starters to work in 4 hours per day annually except peak season.
4. Factory is recommended to identify excess overtime workers and control annual working hours.

**Deadline
Date:** 04/30/2010

Supplier CAP: Factory has organized the schedule for overtime reduction plans at the beginning of the month according to order quantity. Factory will continuously make their best effort to stop the overtime work. May 27, 2010: Factory has reported that they are struggling to control the overtime hours. Labor shortage and increase of orders are making it difficult for them to meet the requirements. Company is encouraging factory to record monthly working hours and enhancing them to conduct gap analysis. Factory has reported that they will postpone and reschedule completion date by March 31, 2011.

July 28, 2010: With a general labor shortage and increasing orders it is likely to be difficult to reduce the working hours as planned at present. (2011/02/22) According to factory report on February 22, 2011, factory management is meeting to discuss about the reduction of overtime as well as wage structure.

Supplier CAP Date: 04/30/2010

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: IEV (November 3, 2011) Pending: In reviewing of time cards from October 2010 to September 2011, randomly selected 30 out of 30 workers (from different section: Sewing, QC, Packing & Cutting) worked from 60,5 - 71 hours (including overtime) per week during latest 12 months. Ex. Sewing worker worked 23 hours overtime in week from June 13 to 19, 2011. Source of evidence: Time record & Payroll review during October 2010 to September 2011, non-production record review, management & worker interview.

New Findings:

1. Excessive daily overtime: In reviewing of time cards from October 2010 to September 2011 & documents review, it was noted that randomly selected packing workers worked from 4,5 to 6,5 daily overtime in Jan 2011 (5 workers) & 4,5 daily overtime in June 2011 (12 workers). Example: packing workers worked from 16:00 to 22:00 on Jan 24, 2011

2. The review of the time records of 20 out of 30 randomly selected workers revealed that the workers worked in excess of 300 overtime hours from Jan - October 2011. The number of total overtime hours ranged from 301 to 468 hours annually

Source: Time record & Payroll review during October 2010 to September 2011, non-production record review, management & worker interview.

Action Verified Date:

Follow Up Plan of Action: The factory is recommended that reduce overtime according to the law. For the moments, the factory is recommended that sets the target of reducing the overtime within 4 hours each day. The factory management will also develop a gradual plan for improvement with a deadline of 31 March 2013, and provide Asics with detailed information on progress.

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Based on review of payroll and time records from June to October 2009, it was noted that workers regularly worked from 1 to 3 Sundays a month.

Sources: Interview with management and with workers, records review. Legal reference: The Labor Code, Article 72 [Employees are entitled to a rest of at least one day (24 consecutive hours) per week. In exceptional circumstances where weekly leave cannot be arranged due to labour cycles, employees shall receive at least 4 days of rest per month]

**Plan Of
Action:**

1. Factory is recommended to provide 1 day off in 7 days.
2. Factory is recommended for starters to provide 4 days off in 1 month.
3. Factory is recommended to provide compensatory day off in case of work on one's day off.
4. Factory is recommended to submit progressive deduction overtime scheme to Asics.
5. Factory is recommended to keep accurate and complete time card records during the year on a monthly basis.

**Deadline
Date:** 04/30/2010

Supplier CAP: Factory is studying internally the way to ensure the rest day for workers.

May 27, 2010: Factory has reported that they are struggling to control the overtime hours. Labor shortage and increase of orders is making it difficult for them to meet the requirements. Company is encouraging the factory to record monthly working hours and enhancing them to conduct gap analysis. Factory has reported that they will postpone and reschedule completion date by March 31, 2011.

July 28, 2010: With a general labor shortage and increasing orders it is likely to be difficult to reduce the working hours as planned at present. (2011/02/22) According factory report on February 22, 2011, factory is preparing to provide rest day by undertaking adjustment efforts for high season and low season works.

Supplier CAP 04/30/2010

Date:

**Action
Taken:**

**Plan
Complete:** No

**Plan
Complete
Date:**

**Action
Verified:** No

Action Verified	IEV (November 3, 2011) Pending:
Text:	In reviewing of time cards from October 2010 to September 2011, randomly selected 30 out of 30 workers (from different section: Sewing, QC, Packing & Cutting) worked from 1 to 4 Sundays in a month during latest 12 months. Example: one sewing worker worked 2 Sundays from July 13th to 30th, 2011 consecutive 18 days without rest day. Sources: Time Record & payroll review (October 2010 to September 2011), non production review, management & worker interview
Action Verified Date:	
Follow-Up Plan of Action:	The factory is recommended to provide the 4 holidays each month. For the moments, the factory is recommended to set the target as 1 holiday every 10 days. The factory management will develop a gradual plan for improvement with a deadline of 31 March 2013, and provide Asics with detailed information on progress.

Hours of Work: Protected Workers (Women and Young Workers)

HOW.4 The factory shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by women or workers under the age of 18. (S)

Noncompliance

Explanation: [Pregnant workers & nursing mothers work OT in violation of local law.](#)

[Sources:](#) Interview with management and with workers, walkthrough, time records review.

[Legal reference:](#) The Labor Code, Article 115 [Employer must not be allowed to employ a female employee to work overtime, at night or in distant places if she is in her 7th month of pregnancy or is nursing a child under 12 months of age. A female employee nursing a child under 12 months of age shall be entitled to 60 minutes off in every working day with full pay.]

New finding: In reviewing of time cards from October 2010 to September 2011 & documents review, it was found that one sewing workers was young workers (17 years 8 months) who worked 8 hours per day; overtime normal and Sundays in April & May 2011. Ex: Worker worked 8 hours, 12 hours overtime per week and 4 Sundays in April 2011.

Sources: Time Record & Payroll Review, Worker Interview & Management Interview Law reference: In violation of Vietnam labor – article 122

Plan Of Action:

1. Factory is recommended to review the current practice for women protection based on applicable local law.
2. Factory is recommended to support childbirth and the health of pregnant women according to applicable local law.
3. Factory is recommended to end overtime work, holiday work or night work by women.
4. Factory is recommended to reduce the overtime work by women.

Deadline Date: 12/30/2009

Supplier CAP: Factory falls basically in line with local labor law. The factory will, however, ask HR staff to more strictly control the enforcement of HR management, complying with the local law.

Supplier CAP Date: 12/30/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date:

**Action
Verified:** No

**Action
Verified** [IEV review \(November 3, 2011\) Pending:](#)

Text: In reviewing of time cards from October 2010 to September 2011 & documents review, it was found that 7 pregnant workers reached 7th month of pregnancy worked 8 normal working, 84 hours overtime per month and 3 Sundays in Sep 2011.

Source of evidence: Time record & Payroll review (October 2010 to September 2011), worker interview & management discussion

**Action
Verified
Date:**

**Follow-up
Plan of
Action:** The factory is recommended that educates the workers (especially the middle management) to raise the recognition to protect maternity workers. The factory is recommended to protect juvenile workers in accordance with the law.

Hours of Work: Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Noncompliance

Explanation: [IEV \(November 3, 2011\) New finding:](#)

From document review, workers' interview as well as management discussion, the monitor discovered that workers have to submit a written application for leave to upper manager for approval when they are unable to work overtime. In reality, this procedure does not take much time for workers to fill up a form and get the signature by the upper manager.

However, as OT is treated volunteer and it is no need to get approval from the managers at the factory. Source of evidence: worker interview, management discussion & document review

Plan Of Action: The factory is recommended that changes the procedure so that management approval is necessary when the workers want to do overtime work. (However the factory claimed the procedure is so from outset. ASICS ask the factory to manage according to that regulation.)

ASICS visited the factory on July 10, 2012 and found. The factory has used overtime application form and has paid overtime premium to the workers. The workers who prefer to work overtime sign the sheet. The information will be verified through worker interviews during the next follow up visit.

Deadline Date:

Supplier CAP:

Supplier CAP Date:

Action Taken:

Plan No
Complete:

Plan
Complete
Date:

Action No
Verified:

Action
Verified
Text:

Action
Verified
Date:
